

TUNG LOK RESTAURANTS (2000) LTD

(Incorporated in Singapore)

Company Registration No: 200005703N

**PROFIT GUIDANCE FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 AND
UPDATE ON THE GROUP'S BUSINESS AND OPERATIONS**

The Board of Directors (the “**Board**”) of Tung Lok Restaurants (2000) Ltd (the “**Company**”) and together with its subsidiaries, the “**Group**”) wishes to provide the following updates:

**(A) PROFIT GUIDANCE FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020
("FY2020")**

In anticipation of the announcement of the unaudited financial results for FY2020, the Board has deemed it appropriate to issue a profit guidance.

Since the first COVID-19 case was reported in Singapore in January 2020, the Singapore's Multi-Ministry Taskforce started to implement various forms and degrees of social distancing measures to control the local transmission of COVID-19 virus.

With our Group's business predominantly based in Singapore, the COVID-19 pandemic and the consequential social distancing measures imposed by the Multi-Ministry Taskforce have adversely affected the businesses of our restaurant outlets and catering services during the final quarter of FY2020 (January 2020 to March 2020). The final quarter of each financial year, which coincides with the Chinese New Year, is traditionally the period during which the Group's restaurants experience significantly higher patronage and generate substantially greater revenue compared to other periods.

As a result of the loss of revenue caused by the COVID-19 outbreak as explained above, the Group expects to report a net loss for FY2020.

The information contained in this announcement is based on the preliminary review of the Group's unaudited financial results for FY2020 and the Group is currently still in the process of finalising its unaudited financial results for FY2020. The Company will announce its unaudited financial results for FY2020 by the extended due date of 30 July 2020, which the Company has notified the Singapore Exchange Regulation and announced on 27 April 2020.

(B) UPDATE ON THE GROUP'S BUSINESS AND OPERATIONS ARISING FROM COVID-19 OUTBREAK

Impact on the Group's operations

On 3 April 2020, the Multi-Ministry Taskforce implemented an elevated set of safe distancing measures, as a circuit breaker to curb the increase of local transmission of COVID-19. The circuit breaker period was originally set to be in place from 7 April 2020 until 4 May 2020 but has since been extended until 1 June 2020 (the "**Circuit Breaker Period**"). As the Group's business is considered essential service, our restaurants can continue to operate but only through delivery and takeaway during the Circuit Breaker Period. Currently, 11 out of 26 restaurants in Singapore remain open for deliveries and takeaways with the remaining outlets temporarily closed so as to contain operating expenses. Apart from this, catering as well as on-line ordering and delivery platform for restaurant food and ready-to-eat frozen food, with support from the Group's central kitchen, remain unaffected during the Circuit Breaker Period.

In the unfortunate event that any of our customers and/or staff become infected with the COVID-19 virus, the Company may be required to shut down the relevant outlet and/or central kitchen and quarantine our staff to prevent the spread of the disease, which may have an adverse impact on our business operations and financial performance. Henceforth the health and safety of our staff and consumers shall remain our key focus while we navigate the daily business through the challenges arising from the COVID-19 situation. We are among the first restaurant chains in Singapore to take enhanced precautionary measures to safeguard and protect the well-being of our staff and customers such as the following:

- impose mandatory temperature checks for our customers and deliverymen before they enter our outlets;
- customers and deliverymen showing flu-like symptoms and fever are disallowed to enter our premises;
- provide hand sanitisers and/or antiseptic wipes for customers and staff;
- staff to conduct temperature checks at least 2 times a day; and
- service staff must wear transparent sanitary face mask at all times.

The Singapore Government has launched 'SG Clean' campaign in February 2020 which was extended to businesses in the food sector on 12 March 2020 to sustain good habits of personal and public hygiene as well as raise cleanliness standards and safeguard public health. Enterprises with 'SG Clean' certification means they have set up processes to ensure that the food preparation areas and equipment are sanitised, waste is handled properly and systems are in place to monitor staff health. We are pleased to update that all but one (1) restaurant premises have completed the audit to attain the 'SG Clean' certificates prior to the commencement of the Circuit Breaker Period.

Impact on the Group's earning prospects and balance sheet

The Group is currently still in the process of finalising its unaudited financial results for FY2020, the financial impact on the earnings per share and net asset value per share for FY2020 will be provided in the FY2020 unaudited financial results announcement by the extended due date of 30 July 2020.

Notwithstanding, the Group has put in place cost-cutting measures such as reduction of casual labours, salary of executive officers and directors' fee for FY2020 as well as containment of manpower costs through requesting staff to accelerate their utilization of annual leaves. Whether these measures will be scaled up or extended shall depend on the development of the situation.

Impact on the Group's liquidity

There is no indication of any major default of accounts receivables as at the date of this announcement. The Group is taking a prudent approach in managing its cash flow to conserve cash. To improve its liquidity, the Group has successfully secured bank facilities amounting to S\$5.5 million for general working capital purposes as announced by the Company on 31 March 2020 and 30 April 2020. The Group is also entitled to various support measures from the Singapore Government such as the Jobs Support Scheme, foreign worker levy rebate and waiver of foreign worker levy, as well as rental assistance and/or subsidies from the premises in which the Group operates.

Impact on the Group's ability to continue as going concern and contractual obligations

Barring any unforeseen circumstances, the impact of the COVID-19 outbreak to the financial performance in FY2020 is not expected to affect the Group's ability to continue as going concern and its ability to fulfil its near-term obligations taking into account the Group's financial position in terms of the net asset value, available cash and bank balances, availability of future cashflows from the Group's operations and bank's credit facilities as well as reliefs from various support measures from the Singapore Government. It is also noted that the Group is able to leverage on the COVID-19 (Temporary Measures) Act 2020 recently passed by the Singapore Government which offers temporary relief to businesses who are unable to perform their contractual obligations due on or after 1 February 2020 because of COVID-19 outbreak.

The Group will continue to closely monitor the evolving situation of the COVID-19 pandemic and shall adjust and react proactively with appropriate countermeasures. Appropriate announcement(s) will be made by the Company as and when there are any material developments concerning the situation.

(C) CAUTION IN TRADING

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company. If in doubt, shareholders of the Company should seek advice from their stockbrokers, bankers, solicitors, accountants, tax advisers or other professional advisers.

BY ORDER OF THE BOARD

Tjioe Ka Men
President/Chief Executive Officer
Date: 6 May 2020

*This announcement has been reviewed by the Company's Sponsor, SAC Capital Private Limited. This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**Exchange**") and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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